

## **SOUTH DAKOTA FARMERS UNION**

### **U.S. House Subcommittee on General Farm Commodities and Risk Management**

#### **Field Hearing**

**Wall, South Dakota**

**Monday, July 31st. 2006**

**9:30 a.m.**

**Wall High School Auditorium**

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## **OPENING**

- Thanks to: U.S. House Ag subcommittee on general farm commodities and risk management, other agriculture leaders
- My statement will be brief and to the point.
- My name is Doug Sombke and I am the President of the South Dakota Farmers Union. I farm in Brown County, South Dakota with my wife and our 3 sons, who are attending college this fall with all intentions of returning to the family farm. Which will make them the 5<sup>th</sup> generation in our family to farm in South Dakota.
- I am not only here for agriculture producers of today, but more importantly for the next generation of producers.
- The best safety net for American Agriculture is a secure and consistent program to assist America's family producers

## **REMARKS**

- 2007 Farm Bill
  - As we look ahead to the talks surrounding the 2007 Farm Bill, it is important to take a look at what this current Farm Bill did right, and where it failed. One of the great failures of the current Farm Bill was not a failure of the legislation, but a failure of politics. In 2002, America's producers were promised mandatory Country-Of-Origin-Labeling, and that promise was broken.
  - As we look to the 2007 Farm Bill, stability is an important factor, and as we keep our promise to the American people to deliver

the best and safest food supply in the world, we expect the US Government to keep its promise to family producers

- We also need to examine how the market place in which we operate is governed. One of the critical aspects that the next Farm bill must examine is the ongoing lack of competitive markets.
  - It was a mistake that the 02 Farm Bill did not include the competition title that was contained in the Senate version of the bill. Without real competition in the marketplace, many more of our family farms and ranches will vanish, and turn our strong rural economies into low-wage employees on their own land.
  - The 07 Farm bill absolutely needs to contain strong price reporting language, as well as enforcing the Sherman Anti-Trust act, and the Packers and Stockyards Act.
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- What worked in the 02 Farm Bill
    - Counter-Cyclical payments: This safety net approach has made a huge difference for the cash flow of producers during years when commodity prices have been depressed, it has kept many a family operation afloat, which in turn has helped to keep some of our small towns afloat. There is not a producer out there who would rather get their income from a fair market price, but until we see some reforms in how our food and fiber markets are structured, the counter cyclical safety net is needed.
    - The press in America the last few weeks has been reporting the abuse of the disaster funds made available to the livestock producers. What they failed to mention was the money that was saved through the 02 farm bill as market prices rose to a level that producers didn't need the government assistants through LDP payments.
    - The Energy Title: One of the most important aspects of the 02 Farm Bill has been the energy title.
    - looking forward we need to see the energy title built on and expanded to give America's family producers the resources that they need to lead our nation into the renewable fuel age. Whether this is the expansion of wind energy, renewable fuels, or other green programs such as the carbon credit program.

- These are exciting programs that have the potential to help all of America.
- CSP: Conservation incentives have also been important to both producers, as well as the nation as a whole. We would like to see this part of the Farm Bill increased and expanded. This is not just a financial benefit to producers, but spurs economic development in rural communities. Family farmers and ranchers are the best stewards of our environment and this give them one more tool.
- Conservation acres are a vital part of South Dakota's **economic engine**. They provide small towns like my home town of Ferney, SD. With another stream of revenue, which didn't exist before the CRP program was developed. By promoting the vast variety of hunting in the State.
- However we do realize the need to continue to develop farmland to grow commodities to meet the growing needs of feeding America and the rest of the world. Farmers Union feels rural America can and will come together to harmonize our needs of conservation and production agriculture to have a moderate balance that works for all Americans.
- Permanent Disaster Aid
  - Last year 70% of US Counties were declared disaster areas, and right now South Dakota is in the grip of yet another Drought, where we are looking at 85% of our topsoil being short of moisture. Yet it is only when something catastrophic happens in Florida or Louisiana that we get to see any kind of disaster aid. Just because we don't have a ocean bordering our State doesn't mean we can't have a natural disaster. We all know it takes water to sustain life, and right now South Dakota is on the short side of water.
  - ***Include real life drought story from your area***
  - Family ranchers in South Dakota are having to sell their whole herds of cattle due to extreme drought conditions, which are

also causing wild fires and burning hundreds of thousands of acres in central and western South Dakota.

- Grain farmers in South Dakota are also feeling the effects of the drought as each day goes by without rain they are faced with how they will pay for the high costs of raising their crops if they have nothing to harvest this fall.
- Crop insurance does provide some relief. But, when you can only afford to purchase 65% coverage for your crop you will be able to pay for only 65% of your costs also. Which will drastically affect the local rural business' like banks, implement dealers, auto dealers, farm supply stores, and ultimately our nations economy as a whole.
- The simple fact is with a strong agricultural economy, America's economy as a whole is strong.
- We need to take the politics out of the disaster aid equation and create a permanent Disaster Program, one that allows a county to get the resources that it needs comeback after a disaster.
- We are not talking about backing up a money truck every time there is a disaster, but somewhere to turn to get the resources and the know how to repair the situation
- Stability is crucial in any business plan, and agriculture is no different, so until someone invents a weather machine, we are going to continue to see the fluctuations that we have been seeing.
- Making sure that America's agriculture system is the strongest and safest in the world should be everyone's priority, and it is something that we as family producers take very seriously. We need a Disaster program to insure that our producers have a place to turn when nature turns, and to insure that politics does not dictate who gets relief.

## **CLOSING**

- In closing I commend you for coming to South Dakota to hear from real farmers and ranchers. It was President Eisenhower who quoted " farming is easy when you are 1,000 miles from the nearest field and your plow is a pencil". Your coming here today is a testimony of your willingness to work with American agriculture producers to build a new and better farm bill in 2007.

- Thanks again to the U.S. House Ag subcommittee on general farm commodities and risk management and other Ag leaders for inviting me to testify on behalf of South Dakota Farmers Union and its 12,000 members.
- I would like to reiterate the need of
- Unity in the Agricultural community
  - We will not always speak with one voice, but we need to unite on the issues that we can
  - The family producer is the backbone of America, and it behooves us to work together to make that backbone stronger
  - Agriculture is not just the commodities that we sell, or the land that we work. It is about our rural values, and our small communities that all work together to make America strong, so we must insure that our rural economy is strong.
  - Again I thank you and my children thank you as the future generation of agriculture is in your hands.